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SUBJECT: EU RICE; GREECE SUPPORTS COMPROMISE

REF: STATE 019814

1. Embassy delivered reftel demarche February 4 to the Ministries of Agriculture, Economy and Finance, and Foreign Affairs. (The Ministry of Agriculture conveyed our arguments to the Greek WTO mission in Geneva.) On February 8, the Agriculture Ministry's Secretary General for Policy, Christos Avgoulas, told Econcouns and FAS specialist that the GoG would support a compromise agreement between the U.S. and EU, and is urging an agreement be concluded before the March 1 deadline for the U.S. withdrawal of some tariff concessions.

2. Avgoulas pointed out that Greek rice producers are suffering from the consequences of overproduction in 2004, a 50 percent reduction in prices, and overstocked warehouses with previous years' harvests. Furthermore, Greek rice varieties (indica long) are less marketable internationally than the japonica short and medium grain varieties grown in other EU countries (e.g., Italy).

3. In spite of the rice producers' plight, Avgoulas explained that his ministry is receiving considerable pressure from Greek peach producers and canners, concerned about losing sales in the U.S. if tariff concessions are withdrawn. He said this was one of the major reasons driving the GoG to press for a speedy conclusion of a U.S.-EU agreement.
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